

To the Members of the California State Senate:

I am returning Senate Bill 1406 without my signature.

The purpose of the current law regulating the exemption from constitutional usury provisions was to attract and retain capital with the State of California by bringing California's usury laws for commercial loan transactions more in line with other major commercial states.

This bill will move California backwards in our ability to attract commercial transactions within the state and eviscerates the changes made in 2000 when California passed this exemption.

For these reasons I am returning this measure without my signature.

Sincerely,

Arnold Schwarzenegger